

# City of Bloomington, Minnesota

## Recommendations for Issuance of Bonds

*\$6,665,000 General Obligation Permanent Improvement Revolving Fund Bonds of 2016, Series 50*

*\$2,055,000 Taxable General Obligation Tax Increment Bonds, Series 2016A*

*\$1,755,000 General Obligation Arts Center Refunding Bonds, Series 2016B*

*\$3,880,000 General Obligation Permanent Improvement Revolving Fund Refunding Bonds, Series 2016C*

The Council has under consideration the issuance of bonds to (i) finance various improvement projects within the City (the "Series 50 Bonds"), (ii) finance the acquisition of land for a housing project (the "Series 2016A Bonds"), and (iii) refund three outstanding general obligation bond issues of the City (the "Series 2016B Bonds" and the "Series 2016C Bonds"). This document provides information relative to the proposed issuance.

### KEY EVENTS:

The following summary schedule includes the timing of some of the key events that will occur relative to the bond issuance.

October 3, 2016	Council sets sale date and terms
October 20, 2016	Rating conferences conducted
November 3, 2016 (est.)	Receipt of ratings
<b>November 7, 2016, 10:00 a.m.</b>	<b>Competitive proposals are received</b>
<b>November 7, 2016, 7:00 p.m.</b>	<b>Council considers award of Bonds</b>
December 8, 2016	Proceeds are received
February 1, 2017	Redemption of 2007A (Arts Center) Bonds

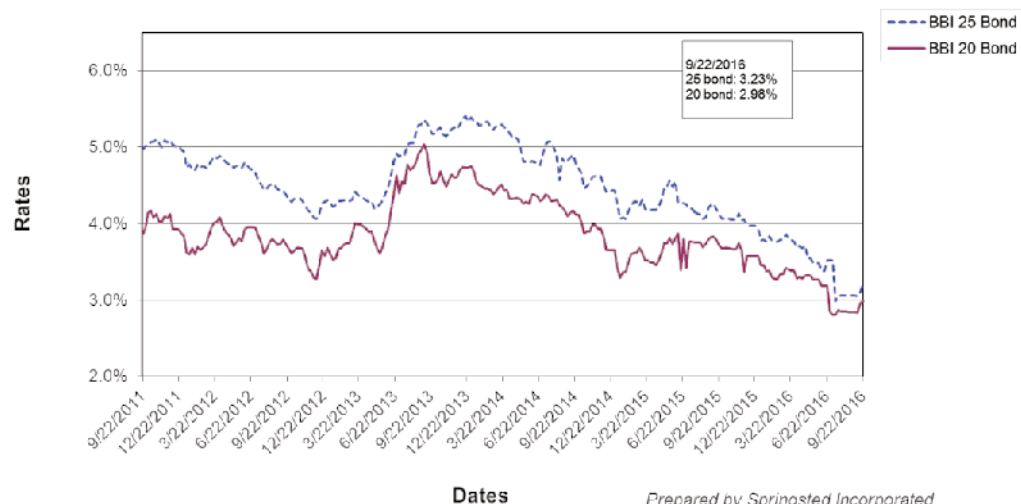
### RATING:

Applications will be made to S&P Global Ratings (S&P), Moody's Investors Service (Moody's) and Fitch Ratings (Fitch) for ratings on the bonds. The City's general obligation debt is currently rated "AAA" by S&P, "Aaa" by Moody's, and AAA by Fitch.

### THE MARKET:

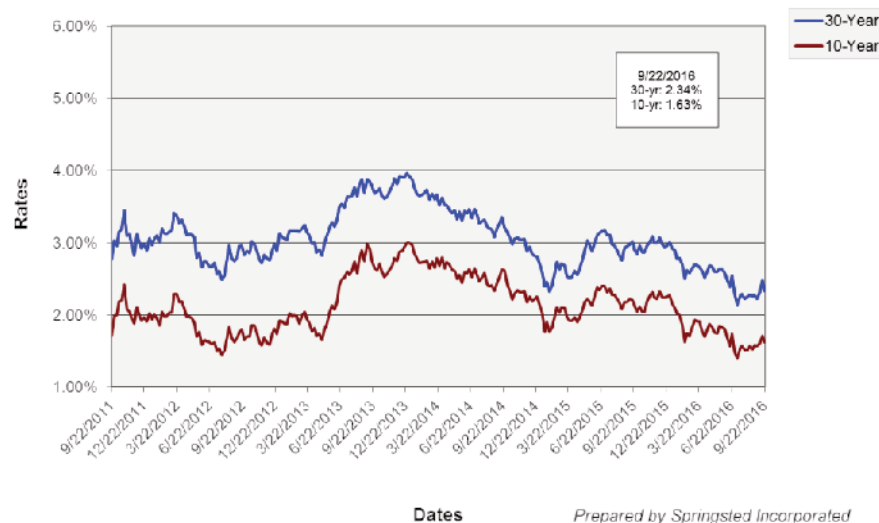
Performance of the tax-exempt market is often measured by the Bond Buyer's Index ("BBI") which measures the yield of high grade municipal bonds in the 20<sup>th</sup> maturity year for general obligation bonds and the 25<sup>th</sup> maturity year for revenue bonds. The following chart illustrates these two indices over the past five years.

**BBI 25-bond (Revenue) and 20-bond (G.O.) Rates for 5 Years Ending 9/22/2016**



Interest rates for the taxable municipal market are quoted as a spread to U.S. Treasury Securities. To give you an indication of the relative position of that market, the chart below tracks the yield of the 10-year and 30-year U.S. Treasury over the last five years.

**10-year and 30-year Treasury Rates for Five Years Ending September 22, 2016**



#### POST ISSUANCE COMPLIANCE:

The issuance of these bonds will result in post-issuance compliance responsibilities. The responsibilities lie in two primary areas: i) compliance with federal arbitrage requirements and ii) compliance with secondary disclosure requirements. **Federal arbitrage requirements only apply to tax exempt issues; therefore they are not applicable to the Series 2016A Bonds.**

Federal arbitrage requirements include a wide range of implications that have been taken into account as your issue has been structured. Post-issuance compliance responsibilities for your tax-exempt issue include both rebate and yield restriction provisions of the IRS Code. In very general terms the arbitrage requirements control the earnings on unexpended bond proceeds, including investment earnings and moneys held for debt service payments (which are both considered to be proceeds under the IRS regulations), and/or reserves. Under certain circumstances any "excess earnings" will need to be paid to the IRS to maintain the tax-exempt status of the Bonds. Any interest earnings on gross bond proceeds or debt service funds should not be spent until it has been determined based on actual facts that they are not "excess earnings" as defined by the IRS Code.

The arbitrage rules provide for spend-down exceptions for proceeds that are spent within either a 6-month, 18-month or 24-month period in accordance with certain spending criteria. Proceeds that qualify for an exception will be exempt from rebate. These exceptions are based on actual expenditures and not based on reasonable expectations; and expenditures, including any investment proceeds, will have to meet the spending criteria to qualify for the exclusion. The expectations related to the Bonds are as follows:

- *The Series 50 Bonds* are expected to meet the 18-month spending exception.
- *The Series 2016B Bonds*: Because the transaction is being conducted as a current refunding in which proceeds will be spent within 90 days, the City expects to meet the 6-month spending exception.
- *The Series 2016C Bonds*: Proceeds will not qualify for a spend-down exception since advanced refunding bonds are only eligible for a spending exception if all proceeds are expended within six months of closing. The proceeds will be placed in an escrow account until the call date of the Prior Bonds, which is outside the six month period. However, investment earnings in the escrow account cannot exceed the yield on the Series 2016C Bonds and therefore no arbitrage will be earned on the original proceeds.

Regardless of whether an issue qualifies for an exemption from the rebate provisions, yield restriction provisions will apply to the debt service fund under certain conditions and any unspent bond proceeds remaining after three years. These funds should be monitored throughout the life of the Bonds.

Secondary disclosure requirements result from an SEC requirement that underwriters provide ongoing disclosure information to investors. To meet this requirement, any prospective underwriter will require the City to commit to providing the information needed to comply under a continuing disclosure agreement.

The City contracts with Springsted for arbitrage and continuing disclosure services and these issues will be added the current contracts.

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*\$6,665,000 General Obligation Permanent Improvement Revolving Fund Bonds of 2016, Series 50*

**Description of Issue**

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**PURPOSE:** Proceeds of the Series 50 Bonds, along with available City funds and expected prepayments of special assessments, will be used to finance various paving and surfacing and curb and gutter improvement projects within the City as detailed in the Department of Public Works Street Improvement Project 2016-101 (the “PMP Portion”) and the Bloomington Central Station improvements (the “BCS Portion”). The BCS improvements consist of transit-orientated infrastructure in the South Loop District next to the Mall of America.

**AUTHORITY:** Statutory Authority: The Series 50 Bonds are being issued pursuant to Minnesota Statutes, Chapters 475 and 429, and the City Charter.

Statutory Requirements: Pursuant to Minnesota Statutes, Chapter 429, at least 20% of the projected costs of each project must be paid from special assessments. The improvement projects being financed by the Series 50 Bonds meet this requirement.

Existing Covenants/Policies: The City’s Debt Policy states the City will endeavor to keep the total maturity length of general obligation bonds below 20 years and at least 50% of the principal shall be retired within 10 years. In all cases, the final maturity shall be shorter than the life of the related assets. The repayment term of the BCS improvements is 20 years and over 85% of the principal of the Series 50 Bonds will be retired in 10 years.

**SECURITY AND  
SOURCE OF  
PAYMENT:**

The Series 50 Bonds will be a general obligation of the City, secured by its full faith and credit and taxing power. In addition, the City will pledge special assessments filed against benefited properties. The City is expected have a tax levy requirement on the Series 50 Bonds for the first ten years. The City will make its first levy for the Series 50 Bonds in 2016 for collection in 2017.

Each year's first-half collection of assessments and taxes will be used to pay the August 1 interest payment in the year of collection. Second-half collections and any funds collected but not applied on August 1, will be used to pay the February 1 principal and interest payment in the following year.

**STRUCTURING  
SUMMARY:**

The principal repayment of the Series 50 Bonds is structured around the projected future income stream from special assessments to achieve an even annual levy requirement or surplus by purpose. The BCS Portion is anticipated to be fully repaid from special assessments. An annual tax levy will be required on the PMP Portion.

Special assessments totaling approximately \$3,044,412.86 of principal are expected to be filed on or about December 1, 2016 for first collection in 2017.

- At the direction of City staff, and based on the historical collections, 25% (\$335,666.22) of the PMP assessments are assumed to be collected as prepayments in 2016. Assessments on the PMP Portion will be spread over a term of 10 years and filed with equal annual principal payments. Interest will be charged at an interest rate of 5.0%. For purposes of these recommendations the interest rate on the assessments on the PMP Portion of \$1,006,998.64 (\$1,342,664.86 less \$335,666.22) is shown at 1.75% in order to provide a contingency for assessments prepaid after the sale of the Series 50 Bonds and the likelihood that the interest earnings on the prepaid assessments will be lower rates than the interest rates on the Series 50 Bonds.
- Assessments on the BCS Portion, totaling \$1,701,747.83, will be spread over a term of 20 years and filed with equal annual principal payments. Interest will be charged at an interest rate of 5.0%.

**SCHEDULES  
ATTACHED:**

Schedules attached for the Series 50 Bonds include:

- Sources and uses
- Estimated debt service and net levy requirements as a whole and by each purpose, given the current interest rate environment
- Projected assessment income

**SALE TERMS AND  
MARKETING:**

Variability of Issue Size: A specific provision in the sale terms permits modifications to the issue size and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale.

Prepayment Provisions: The Series 50 Bonds maturing on or after February 1, 2026 may be prepaid at a price of par plus accrued interest on or after February 1, 2025.

Bank Qualification: The City will issue more than \$10 million in tax-exempt obligations that count against the \$10 million limit for 2016; therefore, the Series 50 Bonds are not designated as bank qualified.

**RISKS/SPECIAL  
CONSIDERATIONS:**

The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.

Levy projections for the Series 50 Bonds as shown in the attached schedules are in part based on the projected assessment income. If actual assessment collections are different than projected, the resulting levy requirement could differ significantly than what is shown in these schedules. Prepayments of assessments totaling \$335,666.22 have been assumed for 2016 and the principal amount of the Series 50 Bonds has been reduced to reflect these funds. Actual prepayments could be lower resulting in an equivalent amount of unfunded project costs that would have to be provided for from another source.

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**\$6,665,000**

**City of Bloomington, Minnesota**

**General Obligation Permanent Improvement Revolving Fund Bonds of 2016, Series 50  
ISSUE SUMMARY**

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**Total Issue Sources And Uses**

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**Dated 12/08/2016 | Delivered 12/08/2016**

	<b>PMP Portion</b>	<b>Bloomington Central Station (BCS) Portion</b>	<b>Issue Summary</b>
<b>Sources Of Funds</b>			
Par Amount of Bonds.....	\$4,905,000.00	\$1,760,000.00	\$6,665,000.00
Storm Water Utility.....	1,088,042.77	-	1,088,042.77
Met Council Grant.....	-	1,000,000.00	1,000,000.00
Estimated Assessment Prepayments.....	335,666.22	-	335,666.22
Hennepin County Grant.....	-	208,000.00	208,000.00
State-aid Street Funds.....	181,466.85	-	181,466.85
Water/Wastewater Utility for Sanitary Sewer Imps.....	111,528.84	-	111,528.84
Three Rivers Park District.....	109,138.30	-	109,138.30
Water/Wastewater Utility for Water Improvements.....	36,002.36	-	36,002.36
City Assessments.....	33,656.20	-	33,656.20
<b>Total Sources .....</b>	<b>\$6,800,501.54</b>	<b>\$2,968,000.00</b>	<b>\$9,768,501.54</b>
<b>Uses Of Funds</b>			
Deposit to Project Construction Fund.....	6,696,090.72	2,929,747.83	9,625,838.55
Costs of Issuance.....	53,355.21	19,144.79	72,500.00
Total Underwriter's Discount (1.000%).....	49,050.00	17,600.00	66,650.00
Rounding Amount.....	2,005.61	1,507.38	3,512.99
<b>Total Uses .....</b>	<b>\$6,800,501.54</b>	<b>\$2,968,000.00</b>	<b>\$9,768,501.54</b>

**\$6,665,000**

**City of Bloomington, Minnesota**

**General Obligation Permanent Improvement Revolving Fund Bonds of 2016, Series 50  
ISSUE SUMMARY**

**NET DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessment	Levy Required/ (Surplus)
02/01/2017	-	-	-	-	-	-	-
02/01/2018	585,000.00	0.800%	106,410.59	691,410.59	725,981.12	297,056.30	428,924.82
02/01/2019	585,000.00	0.900%	88,075.00	673,075.00	706,728.75	282,480.51	424,248.24
02/01/2020	590,000.00	1.000%	82,810.00	672,810.00	706,450.50	276,463.91	429,986.59
02/01/2021	590,000.00	1.100%	76,910.00	666,910.00	700,255.50	270,447.28	429,808.22
02/01/2022	585,000.00	1.250%	70,420.00	655,420.00	688,191.00	264,430.65	423,760.35
02/01/2023	590,000.00	1.350%	63,107.50	653,107.50	685,762.88	258,414.03	427,348.85
02/01/2024	590,000.00	1.450%	55,142.50	645,142.50	677,399.63	252,397.43	425,002.20
02/01/2025	595,000.00	1.550%	46,587.50	641,587.50	673,666.88	246,380.79	427,286.09
02/01/2026	600,000.00	1.650%	37,365.00	637,365.00	669,233.25	240,364.19	428,869.06
02/01/2027	605,000.00	1.750%	27,465.00	632,465.00	664,088.25	234,347.55	429,740.70
02/01/2028	85,000.00	1.950%	16,877.50	101,877.50	106,971.38	127,631.09	(20,659.72)
02/01/2029	85,000.00	2.100%	15,220.00	100,220.00	105,231.00	123,376.71	(18,145.71)
02/01/2030	80,000.00	2.150%	13,435.00	93,435.00	98,106.75	119,122.35	(21,015.60)
02/01/2031	80,000.00	2.200%	11,715.00	91,715.00	96,300.75	114,867.97	(18,567.22)
02/01/2032	75,000.00	2.250%	9,955.00	84,955.00	89,202.75	110,613.61	(21,410.86)
02/01/2033	75,000.00	2.300%	8,267.50	83,267.50	87,430.88	106,359.23	(18,928.35)
02/01/2034	70,000.00	2.350%	6,542.50	76,542.50	80,369.63	102,104.87	(21,735.25)
02/01/2035	70,000.00	2.400%	4,897.50	74,897.50	78,642.38	97,850.49	(19,208.11)
02/01/2036	65,000.00	2.450%	3,217.50	68,217.50	71,628.38	93,596.13	(21,967.75)
02/01/2037	65,000.00	2.500%	1,625.00	66,625.00	69,956.25	89,341.75	(19,385.50)
Total	\$6,665,000.00	-	\$746,045.59	\$7,411,045.59	\$7,781,597.87	\$3,707,646.84	\$4,073,951.03

Dated..... 12/08/2016  
Delivery Date..... 12/08/2016  
First Coupon Date..... 8/01/2017

**Yield Statistics**

Bond Year Dollars..... \$45,096.24  
Average Life..... 6.766 Years  
Average Coupon..... 1.6543411%

Net Interest Cost (NIC)..... 1.8021362%  
True Interest Cost (TIC)..... 1.7980830%  
Bond Yield for Arbitrage Purposes..... 1.6384644%  
All Inclusive Cost (AIC)..... 1.9744618%

**IRS Form 8038**

Net Interest Cost..... 1.6543411%  
Weighted Average Maturity..... 6.766 Years

**\$4,905,000**

**City of Bloomington, Minnesota**

General Obligation Permanent Improvement Revolving Fund Bonds of 2016, Series 50  
PMP Portion

**NET DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessment	Levy Required
02/01/2017	-	-	-	-	-	-	-
02/01/2018	470,000.00	0.800%	72,507.31	542,507.31	569,632.68	119,790.89	449,841.79
02/01/2019	475,000.00	0.900%	59,442.50	534,442.50	561,164.63	116,560.09	444,604.54
02/01/2020	480,000.00	1.000%	55,167.50	535,167.50	561,925.88	114,797.85	447,128.03
02/01/2021	485,000.00	1.100%	50,367.50	535,367.50	562,135.88	113,035.61	449,100.27
02/01/2022	485,000.00	1.250%	45,032.50	530,032.50	556,534.13	111,273.34	445,260.79
02/01/2023	490,000.00	1.350%	38,970.00	528,970.00	555,418.50	109,511.10	445,907.40
02/01/2024	495,000.00	1.450%	32,355.00	527,355.00	553,722.75	107,748.86	445,973.89
02/01/2025	500,000.00	1.550%	25,177.50	525,177.50	551,436.38	105,986.60	445,449.78
02/01/2026	510,000.00	1.650%	17,427.50	527,427.50	553,798.88	104,224.36	449,574.52
02/01/2027	515,000.00	1.750%	9,012.50	524,012.50	550,213.13	102,462.10	447,751.03
Total	\$4,905,000.00	-	\$405,459.81	\$5,310,459.81	\$5,575,982.80	\$1,105,390.80	\$4,470,592.00

Dated..... 12/08/2016  
Delivery Date..... 12/08/2016  
First Coupon Date..... 8/01/2017

**Yield Statistics**

Bond Year Dollars..... \$28,092.13  
Average Life..... 5.727 Years  
Average Coupon..... 1.4433220%  
Net Interest Cost (NIC)..... 1.6179261%  
True Interest Cost (TIC)..... 1.6236361%  
Bond Yield for Arbitrage Purposes..... 1.6384644%  
All Inclusive Cost (AIC)..... 1.8278324%

**IRS Form 8038**

Net Interest Cost..... 1.4433220%  
Weighted Average Maturity..... 5.727 Years



**\$1,760,000**

**City of Bloomington, Minnesota**

General Obligation Permanent Improvement Revolving Fund Bonds of 2016, Series 50  
Bloomington Central Station (BCS) Portion

**NET DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessment	Levy Required/ (Surplus)
02/01/2017	-	-	-	-	-	-	-
02/01/2018	115,000.00	0.800%	33,903.28	148,903.28	156,348.44	177,265.41	(20,916.97)
02/01/2019	110,000.00	0.900%	28,632.50	138,632.50	145,564.13	165,920.42	(20,356.30)
02/01/2020	110,000.00	1.000%	27,642.50	137,642.50	144,524.63	161,666.06	(17,141.44)
02/01/2021	105,000.00	1.100%	26,542.50	131,542.50	138,119.63	157,411.67	(19,292.05)
02/01/2022	100,000.00	1.250%	25,387.50	125,387.50	131,656.88	153,157.31	(21,500.44)
02/01/2023	100,000.00	1.350%	24,137.50	124,137.50	130,344.38	148,902.93	(18,558.56)
02/01/2024	95,000.00	1.450%	22,787.50	117,787.50	123,676.88	144,648.57	(20,971.70)
02/01/2025	95,000.00	1.550%	21,410.00	116,410.00	122,230.50	140,394.19	(18,163.69)
02/01/2026	90,000.00	1.650%	19,937.50	109,937.50	115,434.38	136,139.83	(20,705.46)
02/01/2027	90,000.00	1.750%	18,452.50	108,452.50	113,875.13	131,885.45	(18,010.33)
02/01/2028	85,000.00	1.950%	16,877.50	101,877.50	106,971.38	127,631.09	(20,659.72)
02/01/2029	85,000.00	2.100%	15,220.00	100,220.00	105,231.00	123,376.71	(18,145.71)
02/01/2030	80,000.00	2.150%	13,435.00	93,435.00	98,106.75	119,122.35	(21,015.60)
02/01/2031	80,000.00	2.200%	11,715.00	91,715.00	96,300.75	114,867.97	(18,567.22)
02/01/2032	75,000.00	2.250%	9,955.00	84,955.00	89,202.75	110,613.61	(21,410.86)
02/01/2033	75,000.00	2.300%	8,267.50	83,267.50	87,430.88	106,359.23	(18,928.36)
02/01/2034	70,000.00	2.350%	6,542.50	76,542.50	80,369.63	102,104.87	(21,735.25)
02/01/2035	70,000.00	2.400%	4,897.50	74,897.50	78,642.38	97,850.49	(19,208.12)
02/01/2036	65,000.00	2.450%	3,217.50	68,217.50	71,628.38	93,596.13	(21,967.76)
02/01/2037	65,000.00	2.500%	1,625.00	66,625.00	69,956.25	89,341.75	(19,385.50)
Total	\$1,760,000.00	-	\$340,585.78	\$2,100,585.78	\$2,205,615.07	\$2,602,256.04	(396,640.97)

Dated..... 12/08/2016  
Delivery Date..... 12/08/2016  
First Coupon Date..... 8/01/2017

**Yield Statistics**

Bond Year Dollars..... \$17,004.11  
Average Life..... 9.661 Years  
Average Coupon..... 2.0029614%  
  
Net Interest Cost (NIC)..... 2.1064658%  
True Interest Cost (TIC)..... 2.0989734%  
Bond Yield for Arbitrage Purposes..... 1.6384644%  
All Inclusive Cost (AIC)..... 2.2286763%

**IRS Form 8038**

Net Interest Cost..... 2.0029614%  
Weighted Average Maturity..... 9.661 Years

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**\$2,708,746**

**City of Bloomington, Minnesota**

**General Obligation Permanent Improvement Revolving Fund Bonds of 2016, Series 50**  
**ASSESSMENT SUMMARY**

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**Projected Assessment Income**

<b>DATE</b>	<b>PMP Assessments at 1.75%</b>	<b>BCS Assessments at 5.0%</b>	<b>TOTAL</b>
12/31/2017	119,790.89	177,265.41	297,056.30
12/31/2018	116,560.09	165,920.42	282,480.51
12/31/2019	114,797.85	161,666.06	276,463.91
12/31/2020	113,035.61	157,411.67	270,447.28
12/31/2021	111,273.34	153,157.31	264,430.65
12/31/2022	109,511.10	148,902.93	258,414.03
12/31/2023	107,748.86	144,648.57	252,397.43
12/31/2024	105,986.60	140,394.19	246,380.79
12/31/2025	104,224.36	136,139.83	240,364.19
12/31/2026	102,462.10	131,885.45	234,347.55
12/31/2027	-	127,631.09	127,631.09
12/31/2028	-	123,376.71	123,376.71
12/31/2029	-	119,122.35	119,122.35
12/31/2030	-	114,867.97	114,867.97
12/31/2031	-	110,613.61	110,613.61
12/31/2032	-	106,359.23	106,359.23
12/31/2033	-	102,104.87	102,104.87
12/31/2034	-	97,850.49	97,850.49
12/31/2035	-	93,596.13	93,596.13
12/31/2036	-	89,341.75	89,341.75
Total	\$1,105,390.80	\$2,602,256.04	\$3,707,646.84

**Par Amounts Of Selected Issues**

2016-PMP Assessments at 1.75%.....	1,006,998.64
2016 -BCS Assessments at 5.0%.....	1,701,747.83
<b>TOTAL.....</b>	<b>2,708,746.47</b>

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*\$2,055,000 Taxable General Obligation Tax Increment Bonds, Series 2016A*

**Description of Issue**

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<b>PURPOSE:</b>	Proceeds of the Series 2016A Bonds will be used to finance the acquisition of land for an approximately 250-unit affordable apartment complex with structured parking in the Housing and Redevelopment Authority in and for the City of Bloomington, Minnesota's (the "Bloomington HRA") Knox and American Tax Increment Financing District (A Housing District), located within the Penn and American Redevelopment Project Area (the "TIF District").
<b>AUTHORITY:</b>	<p><u>Statutory Authority:</u> The Series 2016A Bonds are being issued pursuant to Minnesota Statutes, Chapters 469 and 475.</p> <p><u>Statutory Requirements:</u> Pursuant to Minnesota Statutes, Section 475.58, subd. 1(3) the projected tax increment revenue (TIF) collections must be at least 20% of the \$2,000,000 of project costs to be financed with the Series 2016A Bonds (land acquisition). The total projected TIF collections of \$893,187 to be collected in 2020 and 2021 exceed the 20% minimum requirement of \$400,000.</p> <p>Pursuant to Minnesota Statutes, Section 369.178, subd. 2, the Bloomington HRA will pledge receipts from its special benefits tax levy to make a portion of the debt service payments on the Series 2016A Bonds that are not paid from tax increment revenues.</p>
<b>SECURITY AND SOURCE OF PAYMENT:</b>	<p>The Series 2016A Bonds will be a general obligation of the City, secured by its full faith and credit and taxing power. The Series 2016A Bonds will be paid from a combination of tax increment revenues from the TIF District and the Bloomington HRA's special benefits tax. A City ad valorem tax levy is not expected to be needed for the repayment of the Series 2016A Bonds.</p> <p>Through February 1, 2020, each year's collection of the Bloomington HRA's special benefits tax taxes will be used to make the interest payment due on August 1 in the collection year and the principal and interest payment due on February 1 in the following year. Beginning with the August 1, 2020 interest payment, debt service payments on the Series 2016A Bonds are expected to be made primarily from tax increment revenues.</p>
<b>STRUCTURING SUMMARY:</b>	In consultation with the Bloomington HRA, the Series 2016A Bonds have been amortized over a term of five years with approximately level debt service payments. The first three years of payments will be made from the Bloomington HRA's special benefits tax and the final two years are expected to be paid primarily from tax increment revenues.
<b>SCHEDULES ATTACHED:</b>	<p>Schedules attached for the Series 2016A Bonds include:</p> <ul style="list-style-type: none"><li>• Sources and uses</li><li>• Estimated debt service given the current interest rate environment, including projected TIF revenues and the Bloomington HRA's special benefits tax</li></ul>

**SALE TERMS AND  
MARKETING:**

Variability of Issue Size: A specific provision in the sale terms permits modifications to the issue size and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale.

Prepayment Provisions: Based on the short duration of the Series 2016A Bonds, and to avoid possible negative pricing impacts, the Series 2016A Bonds will not be subject to redemption prior to their stated maturities.

Bank Qualification: Does not apply to taxable issues.

**RISKS/SPECIAL  
CONSIDERATIONS:**

The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.

Numerous events, including legislative action, can impact the generation of tax increment revenues. In the event tax increment revenues are negatively impacted, the projected contribution from the Bloomington HRA's special benefits tax will increase. The Series 2016A Bonds are ultimately secured by the City's full faith and credit to levy taxes.

**FEDERAL  
CONSIDERATIONS  
AND/OR  
REQUIREMENTS:**

Due to the private use of the land for apartment construction and private security in the form of an expected minimum assessment agreement for the Series 2016A Bonds, this issue has been designated as taxable.

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**\$2,055,000**

**City of Bloomington, Minnesota**  
Taxable General Obligation Tax Increment Bonds, Series 2016A  
Knox and American TIF District (A Housing District)

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**Sources & Uses**

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**Dated 12/08/2016 | Delivered 12/08/2016**

**Sources Of Funds**

Par Amount of Bonds..... \$2,055,000.00

**Total Sources..... \$2,055,000.00**

**Uses Of Funds**

Deposit to Project Fund for Land Acquisition..... 2,000,000.00

Costs of Issuance..... 42,475.00

Total Underwriter's Discount (0.500%)..... 10,275.00

Rounding Amount..... 2,250.00

**Total Uses..... \$2,055,000.00**

**\$2,055,000**

**City of Bloomington, Minnesota**  
**Taxable General Obligation Tax Increment Bonds, Series 2016A**  
**Knox and American TIF District (A Housing District)**

**NET DEBT SERVICE SCHEDULE**

Date	Principal	Coupon	Interest	Total P+I	Net New D/S	105% of Total	Projected Revenues from Housing TIF District	Bloomington HRA Levy
02/01/2017	-	-	-	-	-	-	-	-
02/01/2018	400,000.00	0.950%	31,247.47	431,247.47	431,247.47	452,809.84	-	452,809.84
02/01/2019	405,000.00	1.150%	23,437.50	428,437.50	428,437.50	449,859.38	-	449,859.38
02/01/2020	410,000.00	1.300%	18,780.00	428,780.00	428,780.00	450,219.00	-	450,219.00
02/01/2021	415,000.00	1.500%	13,450.00	428,450.00	428,450.00	449,872.50	439,160.00	10,712.50
02/01/2022	425,000.00	1.700%	7,225.00	432,225.00	432,225.00	453,836.25	454,027.00	(190.75)
Total	\$2,055,000.00	-	\$94,139.97	\$2,149,139.97	\$2,149,139.97	\$2,256,596.97	\$893,187.00	\$1,363,409.97

**SIGNIFICANT DATES**

Dated..... 12/08/2016  
Delivery Date..... 12/08/2016  
First Coupon Date..... 8/01/2017

**Yield Statistics**

Bond Year Dollars..... \$6,527.54  
Average Life..... 3.176 Years  
Average Coupon..... 1.4421964%  
Net Interest Cost (NIC)..... 1.5996063%  
True Interest Cost (TIC)..... 1.6024018%  
Bond Yield for Arbitrage Purposes..... 1.4397923%  
All Inclusive Cost (AIC)..... 2.2866885%

**IRS Form 8038**

Net Interest Cost..... 1.4421964%  
Weighted Average Maturity..... 3.176 Years

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*\$1,755,000 General Obligation Arts Center Refunding Bonds, Series 2016B*

**Description of Issue**

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<b>PURPOSE:</b>	<p>Proceeds of the Series 2016B Bonds, plus \$320,000 of available debt service funds, will be used to refund the February 1, 2018 through 2021 maturities of the City's General Obligation Arts Center Refunding Bonds, Series 2007A, dated February 1, 2007 (the "2007A Bonds"). The aggregate principal amount of the maturities being refunded is \$2,020,000.</p> <p>This refunding transaction is being conducted as a current refunding in which the proceeds of the Series 2016B Bonds will be used within 90 days to redeem the 2007A Bonds and is being done to provide interest cost savings to the City.</p> <p>Proceeds of the 2007A Bonds advance refunded the City's General Obligation Arts Center Bonds, Series 2000A. The proceeds of the 2000A Bonds were authorized by a voter referendum for construction of the Bloomington Center for the Arts.</p>
<b>AUTHORITY:</b>	<p>The Series 2016B Bonds are being issued pursuant to Minnesota Statutes, Chapter 475.</p>
<b>SECURITY AND SOURCE OF PAYMENT:</b>	<p>The Series 2016B Bonds will be a general obligation of the City, secured by its full faith and credit and taxing power. The Series 2016B Bonds will be repaid with ad valorem property taxes.</p> <p>On February 1, 2017, the call date of the 2007A Bonds, the City will (i) make their regularly scheduled principal and interest payment due on the 2007A Bonds in the amount of \$508,997.50 with previously collected taxes and (ii) use proceeds of the Series 2016B Bonds and City cash to redeem the remaining maturities of the 2007A Bonds.</p> <p>The City will levy in 2016 and subsequent years such that each year's collection of taxes will be used to make the interest payment due on August 1 in the collection year and the principal and interest payment due on February 1 in the following year.</p>
<b>STRUCTURING SUMMARY:</b>	<p>In consultation with the City the Series 2016B Bonds have been structured with a term matching that of the 2007A Bonds to achieve approximately level annual savings.</p> <p>Based on current interest rate estimates, the refunding transaction is projected to result in savings averaging approximately \$106,387 per year. Some of the reduction is reflective of the use of cash to reduce the size of the issue, however, the refunding itself results in future value savings of approximately \$108,265 with a net present value benefit to the City of \$97,938. These estimates are net of the costs associated with the refunding.</p>

**SCHEDULES  
ATTACHED:**

Schedules attached for the Series 2016B Bonds include:

- Refunding Summary
- Debt service comparison
- Debt service schedule given the current interest rate environment
- Debt service to call and to maturity

**RISKS/SPECIAL  
CONSIDERATIONS:**

The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.

**SALE TERMS AND  
MARKETING:**

Variability of Issue Size: A specific provision in the sale terms permits modifications to the issue size and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale.

Prepayment Provisions: Based on the short duration of the Series 2016B Bonds, and to avoid possible negative pricing impacts, the Series 2016A Bonds will not be subject to redemption prior to their stated maturities.

Bank Qualification: The City will issue more than \$10 million in tax-exempt obligations that count against the \$10 million limit for 2016; therefore, the Series 2016B Bonds are not designated as bank qualified.



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**\$1,755,000**

**City of Bloomington, Minnesota**  
General Obligation Arts Center Refunding Bonds, Series 2016B  
Current Refunding of Series 2007A

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**Refunding Summary**

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**Dated 12/08/2016 | Delivered 12/08/2016**

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**Sources Of Funds**

Par Amount of Bonds.....	\$1,755,000.00
Planned Issuer Equity contribution.....	320,000.00
<b>Total Sources.....</b>	<b>\$2,075,000.00</b>

**Uses Of Funds**

Total Underwriter's Discount (0.700%).....	12,285.00
Costs of Issuance.....	40,000.00
Deposit to Current Refunding Fund.....	2,020,000.00
Rounding Amount.....	2,715.00
<b>Total Uses.....</b>	<b>\$2,075,000.00</b>

**ISSUES REFUNDED AND CALL INFORMATION**

Prior Issue Call Price.....	100.000%
Prior Issue Call Date.....	2/01/2017

**SAVINGS INFORMATION**

Net PV Benefit / \$2,170,223.62 PV Refunded Debt Service.....	4.513%
Net PV Benefit / \$2,020,000 Refunded Principal.....	4.848%

**BOND STATISTICS**

Average Life.....	2.654 Years
Average Coupon.....	0.9670668%
Net Interest Cost (NIC).....	1.2307854%
True Interest Cost (TIC).....	1.2357586%

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*Series 2016 Ref (07A Ref) | SINGLE PURPOSE | 9/21/2016 | 2:25 PM*

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**\$1,755,000**

**City of Bloomington, Minnesota**  
General Obligation Arts Center Refunding Bonds, Series 2016B  
Current Refunding of Series 2007A

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**Debt Service Comparison**

Date	Total P+I	Existing D/S	Net New D/S	Old Net D/S	Savings
02/01/2017	-	514,700.00	514,700.00	514,700.00	-
02/01/2018	448,387.10	-	448,387.10	555,800.00	107,412.90
02/01/2019	457,802.50	-	457,802.50	561,800.00	103,997.50
02/01/2020	449,020.00	-	449,020.00	556,800.00	107,780.00
02/01/2021	444,840.00	-	444,840.00	551,200.00	106,360.00
Total	\$1,800,049.60	\$514,700.00	\$2,314,749.60	\$2,740,300.00	\$425,550.40

**PV Analysis Summary (Net to Net)**

Net FV Cashflow Savings.....	425,550.40
Gross PV Debt Service Savings.....	415,223.62
Net PV Cashflow Savings @ 0.966%(Bond Yield).....	415,223.62
Total Cash contribution.....	(320,000.00)
Contingency or Rounding Amount.....	2,715.00
Net Future Value Benefit.....	\$108,265.40
Net Present Value Benefit.....	\$97,938.62
Net PV Benefit / \$201,851.79 PV Refunded Interest.....	48.520%
Net PV Benefit / \$2,170,223.62 PV Refunded Debt Service.....	4.513%
Net PV Benefit / \$2,020,000 Refunded Principal.....	4.848%

**Refunding Bond Information**

Refunding Dated Date.....	12/08/2016
Refunding Delivery Date.....	12/08/2016

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**\$1,755,000**

**City of Bloomington, Minnesota**  
General Obligation Arts Center Refunding Bonds, Series 2016B  
Current Refunding of Series 2007A

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**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
02/01/2017	-	-	-	-
02/01/2018	430,000.00	0.750%	18,387.10	448,387.10
02/01/2019	445,000.00	0.850%	12,802.50	457,802.50
02/01/2020	440,000.00	0.950%	9,020.00	449,020.00
02/01/2021	440,000.00	1.100%	4,840.00	444,840.00
Total	\$1,755,000.00	-	\$45,049.60	\$1,800,049.60

**Yield Statistics**

Bond Year Dollars.....	\$4,658.38
Average Life.....	2.654 Years
Average Coupon.....	0.9670668%
Net Interest Cost (NIC).....	1.2307854%
True Interest Cost (TIC).....	1.2357586%
Bond Yield for Arbitrage Purposes.....	0.9663206%
All Inclusive Cost (AIC).....	2.1314516%

**IRS Form 8038**

Net Interest Cost.....	0.9670668%
Weighted Average Maturity.....	2.654 Years

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**\$5,590,000**

**City of Bloomington, Minnesota**  
General Obligation Arts Center Refunding Bonds, Series 2016B  
Current Refunding of Series 2007A

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**Debt Service To Maturity And To Call**

Date	Refunded Bonds	D/S To Call	Principal	Coupon	Interest	Refunded D/S
12/08/2016	-	-	-	-	-	-
02/01/2017	2,020,000.00	2,020,000.00	-	4.000%	-	-
08/01/2017	-	-	-	-	40,400.00	40,400.00
02/01/2018	-	-	475,000.00	4.000%	40,400.00	515,400.00
08/01/2018	-	-	-	-	30,900.00	30,900.00
02/01/2019	-	-	500,000.00	4.000%	30,900.00	530,900.00
08/01/2019	-	-	-	-	20,900.00	20,900.00
02/01/2020	-	-	515,000.00	4.000%	20,900.00	535,900.00
08/01/2020	-	-	-	-	10,600.00	10,600.00
02/01/2021	-	-	530,000.00	4.000%	10,600.00	540,600.00
Total	\$2,020,000.00	\$2,020,000.00	\$2,020,000.00	-	\$205,600.00	\$2,225,600.00

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	12/08/2016
Average Life.....	2.692 Years
Average Coupon.....	3.7812267%
Weighted Average Maturity (Par Basis).....	2.692 Years
Weighted Average Maturity (Original Price Basis).....	2.682 Years

**Refunding Bond Information**

Refunding Dated Date.....	12/08/2016
Refunding Delivery Date.....	12/08/2016

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\$3,880,000 General Obligation Permanent Improvement Revolving Fund Refunding Bonds, Series 2016C

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**Description of Issue**

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**PURPOSE:** Proceeds of the Series 2016C Bonds, plus available debt service funds in the amount of \$850,000, will be used to refund the callable maturities of the City's (i) General Obligation Permanent Improvement Revolving Fund Bonds of 2007, Series 41, dated December 1, 2007 (the "Series 41 Bonds") and (ii) General Obligation Permanent Improvement Revolving Fund Bonds of 2008, Series 42, dated October 15, 2008 (the "Series 42 Bonds"). Together the Series 41 Bonds and the Series 42 Bonds will be referred to as the "Prior Bonds".

The purpose of the refunding is to provide interest cost savings to the City. The table below provides refunding details:

Issue	Call Date	Callable Maturities	Refunded Principal
Series 41 Bonds	Feb. 1, 2018	2018-2028	\$840,000
Series 42 Bonds	Feb. 1, 2018	2018-2028	\$3,775,000

The Prior Bonds were originally issued to finance various improvement projects within the City.

**AUTHORITY:** Statutory Authority: The Refunding Portion is being issued pursuant to Minnesota Statutes, Chapters 475 and 429.

Statutory Requirements: For advance refunding issues, a state statutory test exists which establishes a minimum present value interest cost savings of 3% of the present value of refunded debt service. Based on current interest rates, the present estimate of the refunding savings for the Prior Bonds is detailed in the table below:

Issue	% PV Savings
Series 41 Bonds	9.87%
Series 42 Bonds	12.95%

**SECURITY AND  
SOURCE OF  
PAYMENT:**

The Series 2016C Bonds will be a general obligation of the City, secured by its full faith and credit and taxing power. In addition, the City will pledge special assessments originally pledged to the Prior Bonds.

The issuance of the Series 2016C Bonds is being conducted as a "crossover" advance refunding in which the proceeds of the Series 2016C Bonds and the City cash contribution will be placed in an escrow account with a major bank and invested in government securities. These investments and their earnings are structured to pay the scheduled interest payments on the Series 2016C Bonds up to and including February 1, 2018 (the call date of the Prior Bonds), at which time the escrow account will prepay the principal amounts of the refunded maturities of the Prior Bonds. The City will continue to pay the originally scheduled debt service payments on the Prior Bonds through the February 1, 2018 call date. Beginning with the August 1, 2018 interest payment, the City will begin to make debt service payments on the Series 2016C Bonds, realizing interest cost savings.

The special assessments originally pledged to the Prior Bonds will now also be pledged to the Series 2016C Bonds. Projections of the remaining future assessment collections for the Prior Bonds were provided by City staff. Assessment collections are expected to be sufficient to make 100% of the debt service payments on the Series 2016C Bonds with the exception of levy 2017/collect 2018 which is expected to require a tax levy.

The City will make its first levy for the Series 2016C Bonds in 2017 for collection in 2018, which together with special assessment collections in 2018, will pay the August 1, 2018 and February 1, 2019 debt service payments. Thereafter, each year's collections of special assessments are expected to be sufficient to make the August 1 interest payment due in the collection year and the February 1 principal and interest payment due in the following year.

#### **STRUCTURING SUMMARY:**

In consultation with City staff, principal repayment for the Series 2016C Bonds have been structured to match the existing terms of each of the Prior Bonds to achieve approximately level annual savings. The projected savings for each of the Prior Bonds, based on current interest rates assumptions and net of all costs associated with the transaction, are detailed in the table below. Some of the reduction in debt service on the Series 42 Bonds is reflective of the use of cash to reduce the size of the issue.

<b>Issue</b>	<b>Future Value Savings</b>	<b>Present Value Savings</b>	<b>Est Annual Cash Flow Savings</b>
Series 41 Bonds	\$102,067	\$94,754	\$9,816
Series 42 Bonds	\$712,653	\$578,155	\$143,390

#### **SCHEDULES ATTACHED:**

Schedules attached for the Series 2016C Bonds include:

- Refunding Summary
- Debt service comparisons for the Series 2016C Bonds as a whole, and for each of the Prior Bonds
- Estimated debt service and net levy requirements as a whole and for each of the Prior Bonds, given the current interest rate environment
- Debt service to call and to maturity for the Prior Bonds

#### **RISKS/SPECIAL CONSIDERATIONS:**

The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.

#### **SALE TERMS AND MARKETING:**

Variability of Issue Size: A specific provision in the sale terms permits modifications to the issue size and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale.

Prepayment Provisions: The Series 2016C Bonds maturing on or after February 1, 2026 may be prepaid at a price of par plus accrued interest on or after February 1, 2025.

Bank Qualification: The City will issue more than \$10 million in tax-exempt obligations that count against the \$10 million limit for 2016; therefore, the Series 2016C Bonds are not designated as bank qualified.

**FEDERAL  
CONSIDERATIONS  
AND/OR  
REQUIREMENTS:**

A tax exempt issue may only be advanced refunded once by a tax-exempt obligation; however, if market conditions permit, a tax-exempt current refunding of the Series 2016C Bonds could be done at or after the optional call date.

Additionally, tax-exempt advance refunding transactions have federal arbitrage limitations that pertain specifically to the investment of the escrow account. At the time of the sale of the Series 2016C Bonds, a verification agent will be retained on behalf of the City to confirm that the adequacy of the refunding escrow accounts for the Series 2016C Bonds satisfies all cash flow requirements of the refunding and that it is in compliance with federal yield restrictions.

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**\$3,880,000**

**City of Bloomington, Minnesota**

General Obligation Permanent Improvement Revolving Fund Refunding Bonds, Series 2016C  
Crossover Refunding of Series 41 & 42

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**Refunding Summary**

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**Dated 12/08/2016 | Delivered 12/08/2016**

	<b>Series 2016 Ref 41</b>	<b>Series 2016 Ref 42</b>	<b>Issue Summary</b>
<b>Sources Of Funds</b>			
Par Amount of Bonds.....	\$870,000.00	\$3,010,000.00	\$3,880,000.00
Planned Issuer Equity contribution.....	-	850,000.00	850,000.00
<b>Total Sources.....</b>	<b>\$870,000.00</b>	<b>\$3,860,000.00</b>	<b>\$4,730,000.00</b>
<b>Uses Of Funds</b>			
Deposit to Crossover Escrow Fund.....	847,436.18	3,794,647.47	4,642,083.65
Costs of Issuance.....	11,771.91	40,728.09	52,500.00
Total Underwriter's Discount (0.800%).....	6,960.00	24,080.00	31,040.00
Rounding Amount.....	3,831.91	544.44	4,376.35
<b>Total Uses.....</b>	<b>\$870,000.00</b>	<b>\$3,860,000.00</b>	<b>\$4,730,000.00</b>
<b>Flow of Funds Detail</b>			
State and Local Government Series (SLGS) rates for.....	9/19/2016	9/19/2016	9/19/2016
Date of OMP Candidates.....			
Primary Purpose Fund Solution Method.....	Net Funded	Net Funded	Net Funded
Total Cost of Investments.....	\$847,436.18	\$3,794,647.47	\$4,642,083.65
Interest Earnings @ 0.621%.....	6,023.60	27,001.45	33,025.05
Total Draw s.....	\$853,459.78	\$3,821,648.92	\$4,675,108.70
<b>PV Analysis Summary (Net to Net)</b>			
Net PV Cashflow Savings @ 1.549%(Bond Yield).....	90,854.61	1,442,781.65	1,506,727.14
Total Cash contribution.....	-	(865,180.43)	(850,000.00)
Contingency or Rounding Amount.....	3,900.35	554.16	4,376.35
Net Present Value Benefit.....	\$94,754.96	\$578,155.38	\$661,103.49
Net PV Benefit / \$4,615,000 Refunded Principal.....	11.280%	15.315%	14.325%
<b>Bond Statistics</b>			
Average Life.....	6.383 Years	6.386 Years	6.386 Years
Average Coupon.....	1.5003787%	1.5739829%	1.5574860%
Net Interest Cost (NIC).....	1.6257145%	1.6992486%	1.6827674%
Bond Yield for Arbitrage Purposes.....	1.5489748%	1.5489748%	1.5489748%
True Interest Cost (TIC).....	1.6274232%	1.6988047%	1.6827627%
All Inclusive Cost (AIC).....	1.8560112%	1.9288703%	1.9124800%

Series 2016 Ref 07A, 41, | Issue Summary | 9/22/2016 | 9:03 AM

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**\$3,880,000**

**City of Bloomington, Minnesota**

General Obligation Permanent Improvement Revolving Fund Refunding Bonds, Series 2016C  
Crossover Refunding of Series 41 & 42

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**Debt Service Comparison**

Date	Total P+I	Escrow	Existing D/S	Net New D/S	Old Net D/S	Savings
02/01/2017	-	-	1,378,018.13	1,378,018.13	1,378,018.13	-
02/01/2018	60,108.70	(4,675,108.70)	6,127,236.25	1,512,236.25	1,512,236.25	-
02/01/2019	867,395.00	-	-	867,395.00	1,021,378.75	153,983.76
02/01/2020	370,467.50	-	-	370,467.50	527,018.75	156,551.26
02/01/2021	357,380.00	-	-	357,380.00	511,918.75	154,538.76
02/01/2022	348,915.00	-	-	348,915.00	501,298.75	152,383.76
02/01/2023	360,195.00	-	-	360,195.00	509,966.25	149,771.26
02/01/2024	340,970.00	-	-	340,970.00	497,143.75	156,173.76
02/01/2025	336,475.00	-	-	336,475.00	488,781.25	152,306.26
02/01/2026	326,670.00	-	-	326,670.00	479,918.75	153,248.76
02/01/2027	326,485.00	-	-	326,485.00	480,450.00	153,965.00
02/01/2028	325,905.00	-	-	325,905.00	474,850.00	148,945.00
02/01/2029	244,920.00	-	-	244,920.00	388,500.00	143,580.00
Total	\$4,265,886.20	(4,675,108.70)	\$7,505,254.38	\$7,096,031.88	\$8,771,479.38	\$1,675,447.58

**PV Analysis Summary (Net to Net)**

Net FV Cashflow Savings.....	1,675,447.58
Gross PV Debt Service Savings.....	1,506,727.14
Net PV Cashflow Savings @ 1.549%(Bond Yield).....	1,506,727.14
Total Cash contribution.....	(850,000.00)
Contingency or Rounding Amount.....	4,376.35
Net Future Value Benefit.....	\$829,823.93
Net Present Value Benefit.....	\$661,103.49
Net PV Benefit / \$1,168,298.84 PV Refunded Interest.....	56.587%
Net PV Benefit / \$5,422,559.11 PV Refunded Debt Service.....	12.192%
Net PV Benefit / \$4,615,000 Refunded Principal.....	14.325%

**Refunding Bond Information**

Refunding Dated Date.....	12/08/2016
Refunding Delivery Date.....	12/08/2016

**\$870,000**

**City of Bloomington, Minnesota**

General Obligation Permanent Improvement Revolving Fund Refunding Bonds, Series 2016C  
Crossover Refunding of Series 41

**Debt Service Comparison**

Date	Total P+I	Escrow	Existing D/S	Net New D/S	Old Net D/S	Savings
02/01/2017	-	-	569,184.38	569,184.38	569,184.38	-
02/01/2018	13,459.78	(853,459.78)	1,437,168.75	597,168.75	597,168.75	-
02/01/2019	111,732.50	-	-	111,732.50	120,568.75	8,836.26
02/01/2020	105,882.50	-	-	105,882.50	117,168.75	11,286.26
02/01/2021	104,980.00	-	-	104,980.00	113,768.75	8,788.76
02/01/2022	98,935.00	-	-	98,935.00	110,368.75	11,433.76
02/01/2023	97,855.00	-	-	97,855.00	106,756.25	8,901.26
02/01/2024	91,685.00	-	-	91,685.00	103,143.75	11,458.76
02/01/2025	90,452.50	-	-	90,452.50	99,531.25	9,078.76
02/01/2026	84,135.00	-	-	84,135.00	95,918.75	11,783.76
02/01/2027	77,775.00	-	-	77,775.00	87,200.00	9,425.00
02/01/2028	76,425.00	-	-	76,425.00	83,600.00	7,175.00
Total	\$953,317.28	(853,459.78)	\$2,006,353.13	\$2,106,210.63	\$2,204,378.13	\$98,167.58

**PV Analysis Summary (Net to Net)**

Net FV Cashflow Savings.....	98,167.58
Gross PV Debt Service Savings.....	90,854.61
Net PV Cashflow Savings @ 1.549%(Bond Yield).....	90,854.61
Contingency or Rounding Amount.....	3,900.35
Net Future Value Benefit.....	\$102,067.93
Net Present Value Benefit.....	\$94,754.96
Net PV Benefit / \$183,699.84 PV Refunded Interest.....	51.581%
Net PV Benefit / \$959,951.45 PV Refunded Debt Service.....	9.871%
Net PV Benefit / \$840,000 Refunded Principal.....	11.280%

**Refunding Bond Information**

Refunding Dated Date.....	12/08/2016
Refunding Delivery Date.....	12/08/2016

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**\$3,010,000**

**City of Bloomington, Minnesota**

General Obligation Permanent Improvement Revolving Fund Refunding Bonds, Series 2016C  
Crossover Refunding of Series 42

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**Debt Service Comparison**

Date	Total P+I	Escrow	Existing D/S	Net New D/S	Old Net D/S	Savings
02/01/2017	-	-	808,833.75	808,833.75	808,833.75	-
02/01/2018	46,648.92	(3,821,648.92)	4,690,067.50	915,067.50	915,067.50	-
02/01/2019	755,662.50	-	-	755,662.50	900,810.00	145,147.50
02/01/2020	264,585.00	-	-	264,585.00	409,850.00	145,265.00
02/01/2021	252,400.00	-	-	252,400.00	398,150.00	145,750.00
02/01/2022	249,980.00	-	-	249,980.00	390,930.00	140,950.00
02/01/2023	262,340.00	-	-	262,340.00	403,210.00	140,870.00
02/01/2024	249,285.00	-	-	249,285.00	394,000.00	144,715.00
02/01/2025	246,022.50	-	-	246,022.50	389,250.00	143,227.50
02/01/2026	242,535.00	-	-	242,535.00	384,000.00	141,465.00
02/01/2027	248,710.00	-	-	248,710.00	393,250.00	144,540.00
02/01/2028	249,480.00	-	-	249,480.00	391,250.00	141,770.00
02/01/2029	244,920.00	-	-	244,920.00	388,500.00	143,580.00
Total	\$3,312,568.92	(3,821,648.92)	\$5,498,901.25	\$4,989,821.25	\$6,567,101.25	\$1,577,280.00

**PV Analysis Summary (Net to Net)**

Net FV Cashflow Savings.....	1,577,280.00
Gross PV Debt Service Savings.....	1,442,781.65
Net PV Cashflow Savings @ 1.549%(Bond Yield).....	1,442,781.65
Total Cash contribution.....	(865,180.43)
Contingency or Rounding Amount.....	554.16
Net Future Value Benefit.....	\$712,653.73
Net Present Value Benefit.....	\$578,155.38
Net PV Benefit / \$984,599.00 PV Refunded Interest.....	58.720%
Net PV Benefit / \$4,462,607.67 PV Refunded Debt Service.....	12.956%
Net PV Benefit / \$3,775,000 Refunded Principal.....	15.315%

**Refunding Bond Information**

Refunding Dated Date.....	12/08/2016
Refunding Delivery Date.....	12/08/2016

**\$3,880,000**

**City of Bloomington, Minnesota**

General Obligation Permanent Improvement Revolving Fund Refunding Bonds, Series  
Combined Crossover Refunding of Series 41 & 42

**NET DEBT SERVICE SCHEDULE AFTER THE CALL DATE ON THE PIOR BONDS**

Date	Principal	Coupon	Interest	Paid from Escrow	Net Total P+I	105% of Total	Projected Assessment Collections	Levy Required/ (Surplus)
02/01/2017								
02/01/2018	-		60,108.70	60,108.70	-	-	-	-
02/01/2019	815,000.00	0.850%	52,395.00	-	867,395.00	910,764.75	700,838.83	209,925.92
02/01/2020	325,000.00	0.950%	45,467.50	-	370,467.50	388,990.88	527,432.03	(138,441.15)
02/01/2021	315,000.00	1.100%	42,380.00	-	357,380.00	375,249.00	520,912.40	(145,663.40)
02/01/2022	310,000.00	1.200%	38,915.00	-	348,915.00	366,360.75	514,392.75	(148,032.00)
02/01/2023	325,000.00	1.300%	35,195.00	-	360,195.00	378,204.75	507,873.11	(129,668.36)
02/01/2024	310,000.00	1.450%	30,970.00	-	340,970.00	358,018.50	501,353.47	(143,334.97)
02/01/2025	310,000.00	1.550%	26,475.00	-	336,475.00	353,298.75	494,833.83	(141,535.08)
02/01/2026	305,000.00	1.700%	21,670.00	-	326,670.00	343,003.50	488,314.19	(145,310.69)
02/01/2027	310,000.00	1.800%	16,485.00	-	326,485.00	342,809.25	481,794.54	(138,985.29)
02/01/2028	315,000.00	1.900%	10,905.00	-	325,905.00	342,200.25	475,275.17	(133,074.92)
02/01/2029	240,000.00	2.050%	4,920.00	-	244,920.00	257,166.00	382,005.25	(124,839.25)
Total	\$3,880,000.00	-	\$385,886.20	\$60,108.70	\$4,205,777.50	\$4,416,066.38	\$11,190,051.12	(1,178,959.18)

**Yield Statistics**

Bond Year Dollars.....	\$24,776.22
Average Life.....	6.386 Years
Average Coupon.....	1.5574860%
Net Interest Cost (NIC).....	1.6827674%
True Interest Cost (TIC).....	1.6827627%
Bond Yield for Arbitrage Purposes.....	1.5489748%
All Inclusive Cost (AIC).....	1.9124800%

**IRS Form 8038**

Net Interest Cost.....	1.5574860%
Weighted Average Maturity.....	6.386 Years

**\$870,000**

**City of Bloomington, Minnesota**  
General Obligation PIR Fund Refunding Bonds, Series 2016  
Crossover Refunding of Series 41

**NET DEBT SERVICE SCHEDULE AFTER THE CALL DATE ON THE SERIES 41 BONDS**

Date	Principal	Coupon	Interest	Paid from Escrow	Net Total P+I	105% of Total	Projected Assessment Collections	Levy Required/ (Surplus)
02/01/2018	-	-	13,459.78	13,459.78	-	-	-	-
02/01/2019	100,000.00	0.850%	11,732.50	-	111,732.50	117,319.13	129,691.26	(12,372.14)
02/01/2020	95,000.00	0.950%	10,882.50	-	105,882.50	111,176.63	125,397.12	(14,220.50)
02/01/2021	95,000.00	1.100%	9,980.00	-	104,980.00	110,229.00	121,103.00	(10,874.00)
02/01/2022	90,000.00	1.200%	8,935.00	-	98,935.00	103,881.75	116,808.88	(12,927.13)
02/01/2023	90,000.00	1.300%	7,855.00	-	97,855.00	102,747.75	112,514.76	(9,767.01)
02/01/2024	85,000.00	1.450%	6,685.00	-	91,685.00	96,269.25	108,220.62	(11,951.37)
02/01/2025	85,000.00	1.550%	5,452.50	-	90,452.50	94,975.13	103,926.50	(8,951.38)
02/01/2026	80,000.00	1.700%	4,135.00	-	84,135.00	88,341.75	99,632.38	(11,290.63)
02/01/2027	75,000.00	1.800%	2,775.00	-	77,775.00	81,663.75	95,338.26	(13,674.51)
02/01/2028	75,000.00	1.900%	1,425.00	-	76,425.00	80,246.25	91,044.12	(10,797.87)
Total	\$870,000.00	-	\$83,317.28	\$13,459.78	\$939,857.50	\$986,850.38	\$1,103,676.90	(116,826.53)

Note: All projects funded by the Series 41 Bonds have a final maturity on or before February 1, 2018, with the exception of the BCS portion of the Series 41 Bonds that have a final maturity of February 1, 2028.

**\$3,010,000**

**City of Bloomington, Minnesota**  
General Obligation PIR Fund Refunding Bonds, Series 2016  
Crossover Refunding of Series 42

**NET DEBT SERVICE SCHEDULE AFTER THE CALL DATE ON THE SERIES 42 BONDS**

Date	Principal	Coupon	Interest	Paid from Escrow	New Total P+I	105% of Total	Projected Assessment Collections	Levy Required/ (Surplus)
02/01/2017	-		46,648.92	46,648.92	-	-	-	-
02/01/2018	715,000.00	0.850%	40,662.50	-	755,662.50	793,445.63	571,147.57	222,298.06
02/01/2020	230,000.00	0.950%	34,585.00	-	264,585.00	277,814.25	402,034.91	(124,220.66)
02/01/2021	220,000.00	1.100%	32,400.00	-	252,400.00	265,020.00	399,809.40	(134,789.40)
02/01/2022	220,000.00	1.200%	29,980.00	-	249,980.00	262,479.00	397,583.87	(135,104.87)
02/01/2023	235,000.00	1.300%	27,340.00	-	262,340.00	275,457.00	395,358.35	(119,901.35)
02/01/2024	225,000.00	1.450%	24,285.00	-	249,285.00	261,749.25	393,132.85	(131,383.60)
02/01/2025	225,000.00	1.550%	21,022.50	-	246,022.50	258,323.63	390,907.33	(132,583.70)
02/01/2026	225,000.00	1.700%	17,535.00	-	242,535.00	254,661.75	388,681.81	(134,020.06)
02/01/2027	235,000.00	1.800%	13,710.00	-	248,710.00	261,145.50	386,456.28	(125,310.78)
02/01/2028	240,000.00	1.900%	9,480.00	-	249,480.00	261,954.00	384,231.05	(122,277.05)
02/01/2029	240,000.00	2.050%	4,920.00	-	244,920.00	257,166.00	382,005.25	(124,839.25)
Total	\$3,010,000.00	-	\$302,568.92	\$46,648.92	\$3,265,920.00	\$3,429,216.00	\$4,491,348.66	(1,062,132.66)

Note: The final maturity on the PMP and Killbrew portions of the original Series 42 Bonds is February 1, 2019. The BCS and Pond C portions of the Series 42 Bonds are outstanding through February 1, 2029.

**\$1,735,000**

**City of Bloomington, Minnesota**

General Obligation Permanent Improvement Revolving Fund Bonds of 2007, Series 41

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/01/2017	-	17,784.38	17,784.38	-	4.000%	17,784.38	17,784.38
08/01/2017	-	17,784.38	17,784.38	-	-	17,784.38	17,784.38
02/01/2018	840,000.00	17,784.38	857,784.38	-	4.000%	17,784.38	17,784.38
08/01/2018	-	-	-	-	-	17,784.38	17,784.38
02/01/2019	-	-	-	85,000.00	4.000%	17,784.38	102,784.38
08/01/2019	-	-	-	-	-	16,084.38	16,084.38
02/01/2020	-	-	-	85,000.00	4.000%	16,084.38	101,084.38
08/01/2020	-	-	-	-	-	14,384.38	14,384.38
02/01/2021	-	-	-	85,000.00	4.000%	14,384.38	99,384.38
08/01/2021	-	-	-	-	-	12,684.38	12,684.38
02/01/2022	-	-	-	85,000.00	4.250%	12,684.38	97,684.38
08/01/2022	-	-	-	-	-	10,878.13	10,878.13
02/01/2023	-	-	-	85,000.00	4.250%	10,878.13	95,878.13
08/01/2023	-	-	-	-	-	9,071.88	9,071.88
02/01/2024	-	-	-	85,000.00	4.250%	9,071.88	94,071.88
08/01/2024	-	-	-	-	-	7,265.63	7,265.63
02/01/2025	-	-	-	85,000.00	4.250%	7,265.63	92,265.63
08/01/2025	-	-	-	-	-	5,459.38	5,459.38
02/01/2026	-	-	-	85,000.00	4.375%	5,459.38	90,459.38
08/01/2026	-	-	-	-	-	3,600.00	3,600.00
02/01/2027	-	-	-	80,000.00	4.500%	3,600.00	83,600.00
08/01/2027	-	-	-	-	-	1,800.00	1,800.00
02/01/2028	-	-	-	80,000.00	4.500%	1,800.00	81,800.00
Total	\$840,000.00	\$53,353.13	\$893,353.13	\$840,000.00	-	\$251,378.13	\$1,091,378.13

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	12/08/2016
Average Life.....	6.600 Years
Average Coupon.....	4.3081642%
Weighted Average Maturity (Par Basis).....	6.600 Years
Weighted Average Maturity (Original Price Basis).....	6.597 Years

**Refunding Bond Information**

Refunding Dated Date.....	12/08/2016
Refunding Delivery Date.....	12/08/2016

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**\$9,570,000**

**City of Bloomington, Minnesota**

General Obligation Permanent Improvement Revolving Fund Bonds of 2008, Series 42

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**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
02/01/2017	-	90,405.00	90,405.00	-	4.000%	90,405.00	90,405.00
08/01/2017	-	90,405.00	90,405.00	-	-	90,405.00	90,405.00
02/01/2018	3,775,000.00	90,405.00	3,865,405.00	-	4.150%	90,405.00	90,405.00
08/01/2018	-	-	-	-	-	90,405.00	90,405.00
02/01/2019	-	-	-	720,000.00	4.300%	90,405.00	810,405.00
08/01/2019	-	-	-	-	-	74,925.00	74,925.00
02/01/2020	-	-	-	260,000.00	4.500%	74,925.00	334,925.00
08/01/2020	-	-	-	-	-	69,075.00	69,075.00
02/01/2021	-	-	-	260,000.00	4.700%	69,075.00	329,075.00
08/01/2021	-	-	-	-	-	62,965.00	62,965.00
02/01/2022	-	-	-	265,000.00	4.800%	62,965.00	327,965.00
08/01/2022	-	-	-	-	-	56,605.00	56,605.00
02/01/2023	-	-	-	290,000.00	4.900%	56,605.00	346,605.00
08/01/2023	-	-	-	-	-	49,500.00	49,500.00
02/01/2024	-	-	-	295,000.00	5.000%	49,500.00	344,500.00
08/01/2024	-	-	-	-	-	42,125.00	42,125.00
02/01/2025	-	-	-	305,000.00	5.000%	42,125.00	347,125.00
08/01/2025	-	-	-	-	-	34,500.00	34,500.00
02/01/2026	-	-	-	315,000.00	5.000%	34,500.00	349,500.00
08/01/2026	-	-	-	-	-	26,625.00	26,625.00
02/01/2027	-	-	-	340,000.00	5.000%	26,625.00	366,625.00
08/01/2027	-	-	-	-	-	18,125.00	18,125.00
02/01/2028	-	-	-	355,000.00	5.000%	18,125.00	373,125.00
08/01/2028	-	-	-	-	-	9,250.00	9,250.00
02/01/2029	-	-	-	370,000.00	5.000%	9,250.00	379,250.00
Total	\$3,775,000.00	\$271,215.00	\$4,046,215.00	\$3,775,000.00	-	\$1,339,415.00	\$5,114,415.00

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation..... 12/08/2016  
Average Life..... 6.878 Years  
Average Coupon..... 4.9127353%  
Weighted Average Maturity (Par Basis)..... 6.878 Years  
Weighted Average Maturity (Original Price Basis)..... 6.878 Years

**Refunding Bond Information**

Refunding Dated Date..... 12/08/2016  
Refunding Delivery Date..... 12/08/2016